

## Message Text

SECRET

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ACTION SS-30

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R 010115Z OCT 74

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 4668

INFO AMEMBASSY PHNOM PENH

AMEMBASSY SAIGON

S E C R E T JAKARTA 12129

EXDIS

DEPARTMENT PASS SECDEF AND CINCPAC

E.O. 11652: GDS

TAGS: MPOL OVIP ID

SUBJ: SECRETARY CLEMENTS MEETING WITH PRESIDENT SUHARTO

1. SUMMARY: IN ONE HOUR MEETING WITH DEPUTY SECRETARY DEFENSE CLEMENTS, PRESIDENT SUHARTO REVIEWED INDONESIA'S INTEREST IN SOUTHEAST ASIA, ACCEPTED WITH APPRECIATION ASSURANCES REGARDING CONTINUITY OF US POLICIES AND STRESSED CONTINUING INDONESIAN NEEDS. HE DEMONSTRATED UNDERSTANDING OF MILITARY ASSISTANCE PROBLEMS IN U.S. BUT EXPRESSED HOPE FOR SUCH CONTINUED U.S. HELP AS MAY BE POSSIBLE. END SUMMARY

2. SECRETARY CLEMENTS BEGAN INTERVIEW BY EXTENDING BEST REGARDS PRESIDENT FORD, EXPRESSING ADMIRATION FOR SUCCESSES AND EFFORTS OF INDONESIA OVER LAST SEVERAL YEARS AND REASSURING PRESIDENT SUHARTO REGARDING CONTINUITY US POLICIES IN SOUTHEAST ASIA, INDIAN OCEAN AND MIDDLE EAST. HE STRESSED US DESIRE CONTINUE CLOSE RELATIONSHIP WITH INDONESIA, PERHAPS EVEN EXPANDING POSSIBILITIES IN MILITARY PROCUREMENT FIELD.

3. PRESIDENT SUHARTO, AT CLEMENTS REQUEST, PRESENTED INDONESIAN ATTITUDE TOWARD SOUTHEAST ASIA. HE ADMITTED  
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CHANGE OF US PRESIDENCY HAD CAUSED QUESTION MARK IN

INDONEESIA BUT WAS REASSURED REGARDING CONTINUITY. INDONESIA HAD HOPED FOR PEACEFUL SETTLEMENT IN INDOCHINA BUT THIS WAS IN LAST ANALYSIS IN HANDS OF GOVERNMENT AND PEOPLES IN COUNTRIES THEMSELVES. INDONESIA HAS HELPED WITH ADVISORS IN CAMBODIA BUT EXPRESSED DI-APPOINTMENT OVER LACK OF ACCEPTANCE TO DATE OF CAMBODIA'S PEACE OFFER AND CONCERN OVER PROBLEMS OF KHMER SEAT IN UNGA. INDONESIA NOT YET CAPABLE OF FINANCIAL AND EQUIP-  
MENT ASSISTANCE BUT IS TRYING IN OTHER WAYS. HE MENTIONED BEING ENCOURAGED BY LATE REPORT THAT FORCES IN SOUTHERN PART OF CAMBODIA WANT TO JOIN GOVERNMENT. THIS WOULD BE IMPORTANT BOOST FOR KHMER GOVERNMENT.

4. SECRETARY CLEMENTS STRESSED IMPORTANCE OF PUBLIC AND MORAL SUPPORT BY SOUTHEAST ASIAN COUNTRIES AND FOR US CONGRESS.

5. WITH RESPECT TO VIETNAM, SUHARTO SAID INDONESIA HAD PARTICIPATED IN ICCS IN HOPES OF CONTRIBUTING TO PEACE BUT, IF DEVELOPMENTS SUGGEST PEACE IS NOT POSSIBLE, INDONESIA NOT INTERESTED IN STAYING ONLY TO WATCH KILLING AND FIGHTING AND WILL HAVE TO REASSESS ITS ICCS POSITION. SECRETARY CLEMENTS REPLIED THAT HE HOPED NO DECISION WOULD BE MADE TO WITHDRAW. INDONESIA'S HELP WAS NEEDED IN ICCS AND IS MAKING SUBSTANTIAL ACHIEVEMENT TOWARD PEACE. US UNDERSTOOD PROGRESS WAS SLOW BUT US CONTINUES TO TRY TO FIND SOLUTION. SUHARTO SAID AS LONG AS POSSIBILITY EXISTS OF PEACEFUL SETTLEMENT NO MATTER HOW SLOW PROGRESS, INDONESIA WILL CONTINUE TO CONTRIBUTE.

6. ON ASEAN, SUHARTO ACKNOWLEDGED SOME DIFFERENCES NATIONAL INTERESTS AMONG MEMBER COUNTRIES. ON CHINA, SUHARTO SAID ASEAN COUNTRIES HAD COORDINATED POLICIES AND HAD REACHED CONSENSUS THAT STEPS TAKEN WOULD NOT BE DETERIMENTAL TO PEACE IN AREA. MALAYSIAN AND PHILIPPINE APPROACH TO CHINA HAD BEEN CONDUCTED ON THIS BASIS. THERE WAS GENERAL AGREEMENT AMONG ASEAN COUNTRIES THAT RECOGNITION OF EXISTENCE OF COMMUNIST CHINA NECESSARY AND THAT ISOLATION OF CHINA LESSENS CHINA'S RESPONSIBILITIES  
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BILITIES TOWARD PEACE. INDONESIA HAD HAD ITS OWN BITTER EXPERIENCE WITH CHINA, HAD CAUTIONED OTHER SEA COUNTRIES ABOUT CHINA AND WILL HAVE TO CONSIDER ITS ACTIONS IN TERMS OF ITS OWN SITUATION.

7. IN THIS CONNECTION, SUHARTO SAID, MUCH DEPENDS ON INDONESIA'S OWN INTERNAL STRENGTH. INDONESIA WOULD LIKE TO DEVELOP IN ALL SOCIAL, ECONOMIC, AND MILITARY

FIELDS SIMULTANEOUSLY BUT RESOURCES ARE NOT THERE. PRIORITY BEING GIVEN TO ECONOMIC DEVELOPMENT. THANKS TO US HELP THROUGH IGGI REAL PROGRESS HAD BEEN MADE IN ECONOMIC DEVELOPMENT. HE RECOGNIZED ADDITIONAL FOREIGN EXCHANGE FROM OIL HAD RAISED QUESTION ABOUT INDONESIA'S CONTINUED NEED FOR FOREIGN ASSISTANCE. HE ADMITTED OIL REVENUES REPRESENTED WINDFALL BUT STRESSED THAT COST OF COMMODITIES AND SUBSIDIES FOR KEY COMMODITIES HAD ALSO RISEN. HE CITED FERTILIZER AS EXAMPLE. HE SAID ASSISTANCE IN WHATEVER FORM APPRECIATED AND CITED SPECIFICALLY SALE OF DES AND RECENT FMS SALE OF OV-10S.

8. SECRETARY CLEMENTS EXPRESSED AGREEMENT WITH INDONESIAN EMPHASIS ON BALANCE BETWEEN ECONOMIC AND SECURITY REQUIREMENTS. US WANTS TO CONTINUE TO HELP IN MILITARY FIELD BUT FUTURE OF GRANT AID IS MADE EXTREMELY DIFFICULT BY STRONG CONCERN AND SENSITIVITY IN CONGRESS ON OIL PRICE QUESTIONS AND OVER ANY HELP TO OIL PRODUCING COUNTRIES. HE RECOGNIZES INDONESIA IS DIFFERENT FROM SAUDI ARABIA AND IRAN BUT THIS NOT CLEAR TO CONGRESS. HE EXPRESSED HOPE PRESIDENT WOULD BE UNDERSTANDING OF US PROBLEMS. US REMAINS COMMITTED TO ASSISTING GOI THROUGH SUCH AVENUES OF HELP AS MAY BE AVAILABLE, INCLUDING CONCESSIONAL PRICES ON EQUIPMENT AND INVENTORY AND FMS CREDITS AND SALES. HE MENTIONED SATISFACTORY MEETING WITH HANKAM OFFICIALS AND READINESS TO WORK WITH HANKAM IN DETERMINING HOW US CAN CONTINUE TO ASSIST. US DESIRES INDONESIAN COOPERATION AND FRIENDSHIP AND WILL DO WHAT IT CAN TO MAINTAIN CURRENT RELATIONSHIP.

9. SUHARTO SAID HE UNDERSTOOD GRANT AID PROBLEM BUT  
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IN VIEW OF ECONOMIC NEEDS WOULD LIKE TO SEE IT CONTINUED AS LONG AS POSSIBLE. AT SAME TIME HE RECOGNIZED MORE EMPHASIS WILL NEED TO BE PUT ON PURCHASES AND OTHER AVENUES. NEXT FEW YEARS ARE CRITICAL BEFORE INDONESIA HAS FINANCIAL CAPACITY TO DO EVERYTHING ON PURCHASE BASIS.

10. COMMENTS ON VISIT WILL FOLLOW SEPTTEL.  
NEWSOM

NOTE BY OC/T: NOT PASSED SECDEF AND CINCPAC.

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NNN

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**Review Comment:** n/a  
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**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <24 JUL 2002 by martinml>; APPROVED <06 MAR 2003 by CollinP0>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
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**TAGS:** MPOL, OVIP, ID, US, (SUHARTO), (CLEMENTS)  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005